

GOLDFIELDS MINING CORPORATION LIMITED
(Non-Personal Liability)

Suite 1000,
11 Adelaide Street West,
Toronto, Ontario.

FEB 8 1961

January 23, 1961.

TO THE SHAREHOLDERS:

While your Company's position as a major shareholder in The Teck-Hughes Gold Mines, Limited has been maintained, exploration and related activities have been restricted by the lack of public interest in new mine financing. The Teck-Hughes holding is considered most advantageous in view of that company's important position in the gold mining industry, its improved earnings record of the past year and the substantial benefits which would arise from any increase in the price of gold. For some time your Board has been investigating means by which the financial position of your Company could be improved to permit more active exploration ventures.

Geo-Scientific Prospectors Limited, in which your Company holds the largest single share interest, has a strong cash position and also holds a large position in Teck-Hughes as well as interests in other junior mining companies and properties.

Being closely connected with both companies because of the inter-related shareholdings, your Board sees mutual advantages to both in a merger of interests. For this reason, it is proposed that your Company should acquire all the assets of Geo-Scientific as a going concern, by means of a treasury issue of 4,104,015 additional shares, to be distributed proportionately among the other Geo-Scientific shareholders.

The above plan will enable your Company to retire its bank loan—have a substantial cash fund for new developments—increase its holdings in Teck-Hughes by approximately 22% as well as in other miscellaneous investments and mining properties received from Geo-Scientific. The dividend income from Teck-Hughes will increase to approximately \$100,000 per year at present rates and be available for new exploration.

Under this plan the enlarged Goldfields will be in a strong financial position to take best advantage of exploration and other mining opportunities, and an aggressive program is proposed in this respect.

Audited financial statements of both companies are enclosed together with an audited pro forma balance sheet of your Company as at December 31, 1960, reflecting this proposal. The proposal takes into account the relative assets, shares issued and the market prices. We believe this represents a fair treatment of both groups of shareholders.

A shareholders' meeting has been called to consider this plan and to approve the necessary increase in the authorized capital, and a notice and other relevant documents are enclosed.

If you cannot be present at the meeting in person we would appreciate your signing and returning the enclosed proxy so that a large representation of shareholders may be obtained.

Yours very truly,

N. B. KEEVIL
President

GOLDFIELDS MINING CORPORATION LIMITED

(Non-Personal Liability)

(Incorporated under the laws of Saskatchewan)

Balance Sheet as at December 31, 1960

Assets

CURRENT ASSETS

Cash.....	4,472	
Accounts Receivable.....	3,692	8,164

INVESTMENTS—at cost, less amounts written off (Quoted market value—\$1,545,810).....		1,497,527
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MINING RIGHTS AND INTERESTS—at nominal value.....		1
		<u>\$1,505,692</u>

Liabilities

CURRENT LIABILITIES

Bank loan (secured).....	290,000	
Accounts payable and accrued liabilities.....	2,185	292,185

SHAREHOLDERS' EQUITY

Capital stock—

Authorized—

5,000,000 shares of a par value of \$1 each

Issued and fully paid—

4,140,007 shares (including 100,000 shares issued since February 29, 1960 for \$20,000 cash)..... 4,140,007

Discount thereon.....	2,926,500	1,213,507
		<u>\$1,505,692</u>

APPROVED ON BEHALF OF THE BOARD

"N. B. Keevil" *Director*

"R. Michael Butler" *Director*

Auditors' Report to the Directors

We have examined the balance sheet of Goldfields Mining Corporation Limited (Non-Personal Liability) as at December 31, 1960, and the statements of exploration, development and administrative expense and of earned surplus for the ten months ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In our opinion all the transactions of the company that have come to our notice have been within the objects and powers of the company.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of exploration, development and administrative expense and of earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1960 and the results of its operations for the ten months ended on that date in accordance with generally accepted accounting principles.

"McDonald, Currie & Co."
Chartered Accountants

January 23, 1961.

GOLDFIELDS MINING CORPORATION LIMITED

(Non-Personal Liability)

Statement of Exploration, Development and Administrative Expense for the ten months ended December 31, 1960

INCOME		
Dividends.....	77,157	
Interest.....	7,965	85,122
EXPENDITURE		
Exploration and development—		
Examination—outside properties.....	5,799	
Geophysical surveys.....	2,615	
Diamond drilling.....	6,907	
Engineering salaries.....	500	
Miscellaneous.....	126	
	15,947	
Administrative—		
Interest and bank charges.....	25,035	
Administrative services and rent.....	5,790	
Legal and audit.....	2,710	
Transfer agent's fees.....	1,329	
Meetings and reports.....	810	
Corporation fees and taxes.....	277	
Miscellaneous.....	438	
	36,389	52,336
EXCESS OF INCOME OVER EXPENDITURE FOR THE PERIOD.....		32,786
EXPENDITURE TO FEBRUARY 29, 1960.....		934,316
		901,530
AMOUNT WRITTEN OFF TO EARNED SURPLUS.....		901,530
BALANCE—DECEMBER 31, 1960.....		\$ —

Statement of Earned Surplus for the ten months ended December 31, 1960

BALANCE—FEBRUARY 29, 1960.....	1,687,393
Exploration, development and administrative expense written off.....	901,530
Writedown and loss on sale of investments.....	785,863
	1,687,393
BALANCE—DECEMBER 31, 1960.....	\$ —

Investments December 31, 1960

	Number of Shares	Market Value
The Teck-Hughes Gold Mines, Limited.....	770,125	1,293,810
Geo-Scientific Prospectors Limited.....	420,000	252,000
Keevil Mining Group Limited		
Common shares.....	100	—
Income Debentures.....	\$8,970	—
		\$1,545,810

NOTE: The market values are based upon closing market prices at December 31, 1960. Because of the number of shares involved, the market value may not be necessarily indicative of the amount that could be realized if the investments were sold.

GEO-SCIENTIFIC PROSPECTORS LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet as at December 31, 1960

Assets

CURRENT ASSETS

Cash.....	1,997	
Accounts receivable (Note 1).....	889,404	891,401

INVESTMENTS—at cost, less amounts written off

(Quoted market value—\$314,147).....		312,664
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UNPATENTED MINING CLAIMS

—(Note 2).....		100,000
		<u>\$1,304,065</u>

Liabilities

CURRENT LIABILITIES

Bank Loan (secured).....	46,000	
Accounts payable and accrued liabilities.....	10,567	56,567

SHAREHOLDERS' EQUITY

Capital stock:

Authorized—

3,000,000 shares of no par value

Issued and fully paid—

1,788,005 shares (including 110,000 shares issued during the year for \$65,000 cash).....

1,244,998

Surplus arising in a prior year from donation of securities.....	2,500	1,247,498
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\$1,304,065

NOTES: 1. Subsequent to December 31, 1960 \$889,000 of this has been received.

2. The amount shown for mining claims represents costs to date less amounts written off and is not intended to reflect present or future values.

APPROVED ON BEHALF OF THE BOARD

"J. C. Frantz" *Director*

"J. H. Westell" *Director*

Auditors' Report to the Directors

We have examined the balance sheet of Geo-Scientific Prospectors Limited as at December 31, 1960, and the statements of income and expenditure and of earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and expenditure and of earned surplus presents fairly the financial position of the company as at December 31, 1960, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles.

"McDonald, Currie & Co."

Chartered Accountants

January 23, 1961.

GEO-SCIENTIFIC PROSPECTORS LIMITED
Statement of Income and Expenditure
for the year ended December 31, 1960

INCOME		
Dividends.....	17,000	
Interest.....	5,129	22,129
EXPENDITURE		
Exploration—		
Examination—outside properties.....	31,092	
Geophysical surveys.....	22,482	
Diamond drilling.....	10,493	
Assaying.....	5,953	
Option payments.....	6,800	
Prospecting, staking and recording.....	6,330	
Transportation and travel.....	3,808	
Engineering salaries.....	1,000	
Miscellaneous.....	3,534	
	<u>91,492</u>	
Administrative—		
Office services and rent.....	6,389	
Interest.....	4,537	
Legal.....	2,810	
Stock transfer tax.....	1,594	
Transfer agent's fees.....	820	
Audit.....	575	
Miscellaneous.....	1,761	
	<u>18,486</u>	109,978
EXCESS OF EXPENDITURE OVER INCOME FOR THE YEAR.....		<u><u>\$ 87,849</u></u>

Statement of Earned Surplus
for the year ended December 31, 1960

BALANCE—DECEMBER 31, 1959.....		228,138
Excess of expenditure over income for the year.....	87,849	
Writedown of investments, less gain on sale.....	63,607	
Writedown of mining claims.....	76,682	\$228,138
BALANCE—DECEMBER 31, 1960.....		<u><u>\$ —</u></u>

Investments
December 31, 1960

	Number of Shares	Market Value
Abex Mines Limited.....	6,250	62
Inmont Copper Mines Limited.....	216,500	19,485
—escrowed.....	910,500	—
Jamaican Mining Limited.....	150,000	9,000
The Teck-Hughes Gold Mines, Limited.....	170,000	285,600
Keevil Mining Group Limited		
Common shares.....	100	—
Income Debentures.....	\$8,970	—
		<u><u>\$314,147</u></u>

NOTE: The market values of shares are based upon closing market prices at December 31, 1960. Because of the number of shares involved, the market value may not be necessarily indicative of the amounts that could be realized if the investments were sold.

GOLDFIELDS MINING

(Non-Personal)
(Incorporated under the laws of the State of New York)

Pro Forma Balance Sheet

After giving effect to the following transactions:—

1. A proposed increase in authorized capital from 5,000,000 shares to 10,000,000 shares.
2. The purchase of the net assets of Geo-Scientific Prospector, Inc. and the assumption of its liabilities in accordance with the terms of the plan of reorganization of 420,000 shares of Geo-Scientific Prospectors Limited.
3. The realization of \$889,000 cash for certain of the accounts receivable totalling \$336,000.

Assets

CURRENT ASSETS

Cash.....	559,469	
Accounts receivable.....	4,096	563,565

INVESTMENTS—at cost, less amounts written off

(Quoted market value—\$1,607,957)	1,588,698
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MINING RIGHTS AND INTERESTS—at cost, less amounts written off.....	100,000
	<u>\$2,252,263</u>

APPROVED ON BEHALF OF THE BOARD

“N. B. Keevil”
“R. Michael Butler” } *Directors*

Auditors' Report

We have examined the pro forma balance sheet of Goldfields Mining Corporation as at January 31, 1960. Our examination included a general review of the accounting records and supporting evidence as we considered necessary in the circumstances. The results of our examination to our notice have been within the objects and powers of the company.

In our opinion, the accompanying pro forma balance sheet as at January 31, 1960, after giving effect to the transactions set forth in the headnote, is a true and correct statement of the financial position of the company.

January 23, 1961.

CORPORATION LIMITED

(Non-Personal Liability)
Province of Saskatchewan)

as at December 31, 1960

10,000,000 shares of \$1 par value.

Limited in consideration of the assumption by Goldfields of all
agreement dated as of January 23, 1961, the surrender for cancel-
and the issue at a discount of 75% of 4,104,015 shares.

Assets receivable of Geo-Scientific and the retirement of bank loans

Liabilities

CURRENT LIABILITIES

Accounts payable and accrued liabilities	12,752
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SHAREHOLDERS' EQUITY

Capital stock—

Authorized—

10,000,000 shares of a par value of \$1 each

Issued and fully paid—

8,244,022 shares	8,244,022
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Discount thereon	6,004,511	2,239,511
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	<u>\$2,252,263</u>
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the Directors

ing Corporation Limited (Non-Personal Liability) as at December
procedures and such tests of accounting records and other sup-
our opinion, all the transactions of the company that have come

ents fairly the financial position of the company as at December
thereof.

Donald, Currie & Co."

Chartered Accountants

THIS AGREEMENT is made in duplicate as of this 23rd day of January, A.D. 1961.

BETWEEN:

**GOLDFIELDS MINING CORPORATION LIMITED,
(Non-Personal Liability)**

hereinafter sometimes called "Goldfields",

OF THE FIRST PART,

— and —

GEO-SCIENTIFIC PROSPECTORS LIMITED,

hereinafter sometimes called "Geo",

OF THE SECOND PART.

WHEREAS Goldfields was incorporated under The Companies Act (Saskatchewan) and has an authorized capital of Five Million (5,000,000) shares with a par value of One Dollar (\$1.00) per share, of which Four Million One Hundred and Forty Thousand and Seven (4,140,007) shares have been issued and are presently outstanding;

AND WHEREAS Geo was incorporated under The Companies Act (Ontario) and has an authorized capital of Three Million (3,000,000) shares without par value, of which One Million Seven Hundred and Eighty-eight Thousand and Five (1,788,005) shares have been issued and are presently outstanding;

AND WHEREAS Goldfields holds and is recorded as the holder of Four Hundred and Twenty Thousand (420,000) of the presently issued and outstanding shares of Geo;

AND WHEREAS each of the parties hereto has furnished to the other a copy of its audited balance sheet as at the 31st day of December, 1960, which are respectively represented as truly and fully disclosing the financial position of the respective companies as at that date, and no material changes in the financial condition of either party has occurred since that date save in the ordinary course of business or as contemplated by the respective financial statements;

AND WHEREAS the parties hereto have the same or similar objects and Goldfields has offered to purchase the undertaking, property and assets of Geo as a going concern on the terms and conditions hereinafter set out.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual agreements and covenants hereinafter contained it is agreed by and between the parties hereto as follows:—

1. Subject to the conditions hereof, Goldfields hereby agrees to purchase and Geo hereby agrees to sell all the mineral properties and investments and all other rights, real and personal property and other assets as a going concern of Geo for a consideration of Four Million One Hundred and Four Thousand and Fifteen (4,104,015) fully paid and non-assessable shares of the par value of One Dollar (\$1.00) each of the capital stock of Goldfields, together with the assumption by Goldfields of all liabilities of Geo (other than any liabilities to capital stock and surplus).
2. The purchase and sale herein shall take place as of the 23rd day of January, 1961, from which time until the closing date hereinafter referred to, Geo shall be deemed to have acted and carried on its business for and on behalf of Goldfields and at the cost and for the benefit of Goldfields. Goldfields covenants to indemnify Geo in respect of all liabilities incurred by Geo during the said period and arising from the operation of the business of Geo up to the said closing date.
3. The purchase and sale shall be closed at the executive offices of the parties hereto, Suite 1000, 11 Adelaide Street West, Toronto, Ontario, at the earliest date which may be mutually agreed upon and in any event not later than the 15th day of March, 1961, which date or earlier date as may be agreed upon is herein sometimes referred to as "the closing date".
4. At the closing date Geo shall deliver to Goldfields such transfers of mineral claims and investments and such other deeds, conveyances, assurances, transfers, assignments and consents as may reasonably be required to vest in Goldfields all the right, title and interest of Geo in all the assets of Geo, and Goldfields shall deliver to Geo agreements of indemnity in respect of the matters dealt with in Paragraphs 2 and 6 hereof.

5. Goldfields hereby specifically waives compliance by Geo with any requirements of The Bulk Sales Act of the Province of Ontario.

6. Forthwith after the closing date Geo shall commence to wind up its affairs and to distribute its remaining asset, being shares of Goldfields, proportionately to its shareholders, save as hereinafter provided, and thereafter to surrender its charter, and Goldfields covenants to indemnify Geo in respect of all costs and expenses incurred by Geo in this connection and otherwise in connection with and in the negotiation of this agreement.

7. Goldfields hereby agrees and undertakes to waive all its right, title, interest or distributive share as a shareholder of Geo in and to any part of the consideration payable to Geo hereunder and further agrees and undertakes that, upon the winding up of the affairs of Geo as hereinbefore provided, Goldfields shall surrender all of its shares of Geo upon the request of Geo therefor.

8. This agreement and each of the covenants herein contained are conditional upon the following, namely:

- (a) the confirmation by the shareholders of Goldfields at an Extraordinary General Meeting thereof duly and properly called for these purposes of a special resolution of the Company increasing its authorized capital sufficiently to permit the issuance of the consideration provided for herein and of a resolution approving this agreement of purchase and sale;
- (b) the confirmation by the shareholders of Geo at a Special General Meeting thereof duly and properly called for these purposes of a special resolution to approve this agreement of purchase and sale and of a resolution to approve the winding up and surrender of the charter of the Company; and
- (c) the necessary approvals and acceptances of the Toronto Stock Exchange being obtained in respect of this agreement of purchase and sale and the agreement of that body to list the additional authorized capital of Goldfields required for the purposes hereof.

The parties hereto agree to take such action as may be necessary to give effect hereto, and in particular to call the necessary meetings of their respective shareholders and to file such documents as may be required by the Toronto Stock Exchange to the intent that each of such conditions shall have been met by the 15th day of March, 1961, and in the event that each of such conditions shall not have been met by such date then this agreement shall be null and void and neither party shall have any claim against the other in respect hereof or of any of the covenants or agreements herein contained.

9. Time shall be of the essence of this agreement.

IN WITNESS WHEREOF this agreement has been executed.

SIGNED, SEALED AND DELIVERED

in the presence of

GOLDFIELDS MINING CORPORATION LIMITED
(Non-Personal Liability)

"N. B. KEEVIL"
President

"R. MICHAEL BUTLER"
Secretary

(SEAL)

GEO-SCIENTIFIC PROSPECTORS LIMITED

"J. C. FRANTZ"
Vice-President

"D. S. BROWN"
Secretary-Treasurer

(SEAL)

